

1961 Business Investment and Sales Expectations

BUSINESSMEN plan to spend \$34½ billion on new plant and equipment in 1961—a reduction of about 3 percent, or \$1 billion, from 1960. This investment, which began to move downward after the second quarter of 1960, is scheduled to decline further in the current quarter and again in the April-June period. However, the survey indicates an improvement in the latter half of 1961.

The investment anticipations, derived from reports filed by business in late January and February in the regular Commerce-SEC survey, are accompanied by expectations of higher sales in 1961 over 1960—3 percent for manufacturing firms, 4 percent for trade companies, and 7 percent for electric and gas utilities.

Relative changes in expenditures from 1960 to 1961 are about the same for both manufacturing and nonmanufacturing companies, but there is a diversity of change within these broad groups. The half-billion dollar, or 7 percent, decline scheduled by durable goods manufacturers is partially offset by an anticipated small increase in the investment of nondurable goods companies. Almost half of the dollar decrease in expenditures expected by transportation and commercial firms is offset by an investment increase scheduled by the public utilities, as may be seen in the table below.

Quarterly trends

Actual expenditures in the final quarter of 1960 were at a seasonally adjusted annual rate of \$35½ billion, the continuing decline being attributable in large part to reduced expenditures by durable goods manufacturers. The fourth quarter figure was about in line with the anticipation for this period reported by business 3 months earlier.

A cut to a \$34½ billion rate has now been scheduled for the first quarter of this year—dominated by reductions in manufacturing and rail transportation. The figure for the opening months of the year is about ½ billion less (annual rate) than the initial anticipation for this period, with much of the downward revision from earlier plans being reported by producers of durable goods.

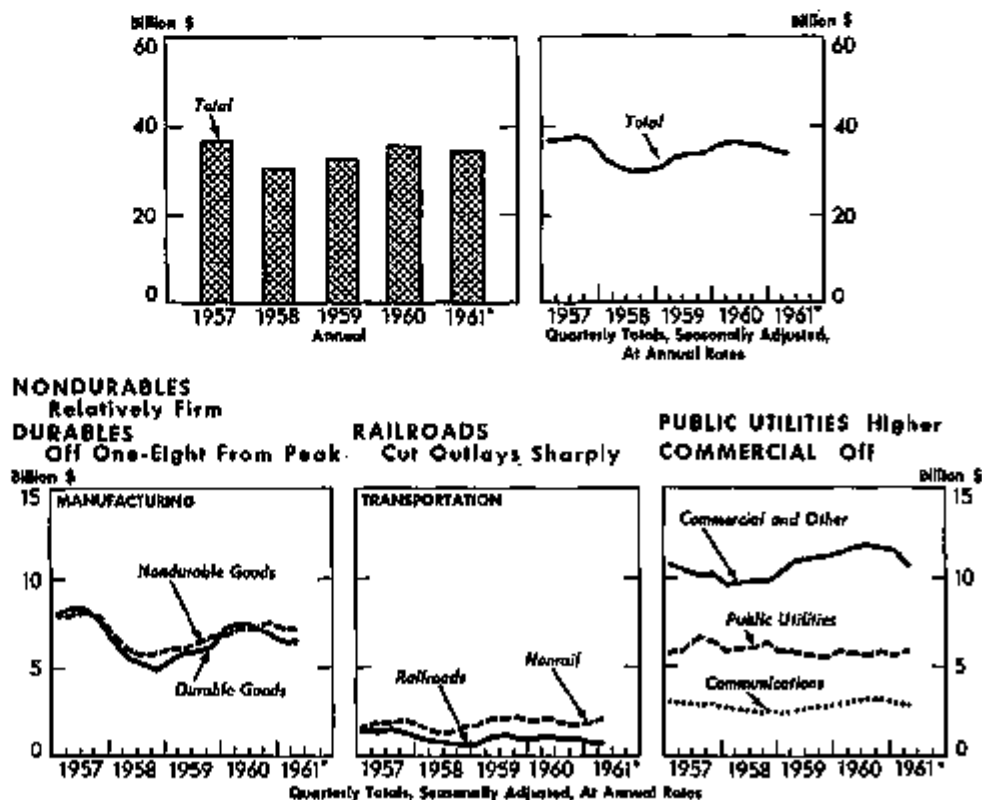
Spending in the second quarter is expected to go down to \$33½ billion. In this period lower investment of manufacturers, railroads and commercial companies is partly offset by a pickup in outlays by the public utilities and

nonrail transportation firms. The expected rate of investment in the second quarter is 7 percent below the recent high in the second quarter of 1960.

Given the anticipation for the full year 1961 and the expected outlays in the first two quarters, a modest rise in seasonally adjusted expenditures is implied from the first to the second half—from an annual rate of about \$34 billion to \$35 billion. Manufacturing, communications, electric and gas utilities are contributors to this implied increase, while commercial firms and both the rail and nonrail transportation groups report further decreases.

PLANT AND EQUIPMENT INVESTMENT

Business Programs Indicate a 3 Percent Decline in 1961



* Anticipated
U. S. Department of Commerce, Office of Business Economics

Data: SEC & OBE
61-3-6

Cyclical downturn

Realization of current investment intentions would make the recent cyclical downturn in plant and equipment expenditures of small magnitude. By comparison, seasonally adjusted expenditures fell more than one-fifth from the third quarter 1957 peak to the third quarter 1958 low point. In the post-Korean period the investment decline was not severe but lasted longer—an 11-percent decline from the peak in the third quarter of 1953 to the first quarter of 1955. The first postwar investment downturn was also sharp—a 20-percent decline from the fourth quarter of 1948 to the final quarter of 1949.

One factor in the comparative mildness of the projected decrease is that the preceding recovery in fixed investment was not vigorous. The cyclical peak of \$36.3 billion in the second quarter of 1957 marked the first time in the postwar period that an earlier cyclical high—\$37½ billion in the third quarter of 1957—was not exceeded. Last year's investment could not be judged high in relation to total output: it was 7 percent of GNP, or slightly higher than the ratios in 1958 and 1959, which were postwar lows. By way of contrast, plant and equipment outlays were about 8½ percent of GNP in both 1956 and 1957, 8 percent in 1953 and 8½ percent in 1948.

Where investment was high and product demand weak last year, as in the iron and steel industry, a sharp cutback is planned. Other industries

such as railroads and trucking—which were adversely affected by the downturn in industrial activity—have also scheduled large reductions for 1961. As a partial offset, however, are the increases reported by industries that have experienced a strong growth in markets, notably the electric and gas utilities. New product development and continued technological change, coupled with the fact that the fixed plant of many businesses does not come up to current best practice, and thus requires replacement, are other important influences that are bolstering investment.

The realization of these business investment programs this year, especially the change from the first to the second half of 1961, will depend on the course of business activity and the extent to which this movement approximates current expectations by business of an improvement in sales. The sales expectations reported in the latest survey call for moderate increases over 1960, but they imply good-sized increases from current reduced rates.

It may be helpful to call attention to a comparison of actual and anticipated changes in expenditures from the first to the second half in recent years, in terms of direction rather than size of change; the experience is mixed. In 1955, 1956, and 1959, years of rising activity, investment increases were anticipated and in fact occurred. The anticipations of little change and decrease that were made for 1957 and 1958, respectively, also took place, though a turning point in total in-

vestment developed in the second half of both of these years. Last year, however, investment in the closing 6 months averaged no higher than in the first half, instead of increasing as projected. The timing of the annual survey (roughly February) in relation to the particular phase of the business cycle has an influence on the formation of the anticipations.

Manufacturing Investment

Manufacturing firms spent \$14½ billion in 1960, about one-fifth more than was spent in 1959. Almost every major industry reported increased investment last year, but the total for the group fell short of the 1960 projection as well as the \$16 billion that was spent in 1957—the previous peak.

That manufacturers failed to meet investment goals projected early in 1960 reflected demand conditions which differed considerably from the broadly optimistic anticipations. But the fact that expected 1960 investment was also less than the earlier high mark, even though sales in aggregate reached a new high last year, was suggestive of a more than adequate capacity condition. The brevity of the manufacturing recovery—only six quarters from the first quarter of 1959 to the second quarter of 1960—may be taken as another aspect of this same condition.

Durable goods investment, which rose about one-fourth last year, is expected to decline about 7 percent in 1961 but the projected decreases are confined to a few industries. The steel industry, which last year increased its outlays by some \$0.6 billion to \$1.6 billion is reducing its investment to \$1.2 billion this year. It is an aspect of the long lead time required for steel making facilities that investment continued to rise through the third quarter of 1960, even though the steel operating rate peaked in January 1960.

The nonferrous metals industry, notably aluminum, continues to project a very low investment rate in 1961, unchanged from last year. Primary aluminum production is at present only 70 percent of capacity and fabricating production still lower relative to capability.

Both machinery industries expect to show little change in investment rates

Table 1.—Plant and Equipment Expenditures, 1959-61

	1959	1960	1961 ¹	Dollar change		Percent change	
				1960-59	1961-60	1960-59	1961-60
				(Billions of dollars)		(Percent)	
Manufacturing.....	12.07	14.48	14.11	2.41	-0.37	20	-3
Durable goods industries.....	6.77	7.16	6.60	1.41	-.49	24	-7
Non-durable goods industries.....	5.30	7.32	7.51	1.00	.19	19	3
Mining.....	.99	.98	.98	(?)	-.01	(?)	-1
Railroads.....	.92	1.63	.90	.70	-.02	11	-42
Transportation, other than rail.....	2.93	1.94	1.86	-.99	-.08	-4	-6
Public utilities.....	4.67	5.08	6.23	.41	.54	(?)	16
Commercial and other.....	10.88	11.57	12.81	.69	1.24	6	11
Total.....	32.64	36.68	34.57	4.04	-1.11	16	-3

1. Anticipated.

2. Less than \$10 million, or 0.5 percent.

Note: Details may not add to totals due to rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

from last year's levels. For electrical machinery, however, this is a record rate, reflecting mainly the growth of investment in the rapidly growing electronics industries. In the other machinery group, rising outlays have been projected by producers of office machinery and computers; producers of industrial and other types of machinery expect to decrease investment this year.

The motor vehicle industry is the only major durable goods group that has projected a rise for 1961—15 percent from 1960. It may be noted, however, even on a current dollar basis the industry is spending far less than it did in 1956, the peak investment year, or in 1954, 1955, and 1957. Spending by transportation firms other than motor vehicles, unchanged from 1960, is still below 1956 and 1957 investment rates.

The stone, clay, and glass industry has scheduled a sharp cut in investment from 1960, as have the fabricated metals industry. Cutbacks in spending for new facilities for the cement industry, where capacity is considerably in excess of demand, are especially sharp.

Slight rise in nondurables

Unlike durable goods, investment by nondurable goods producers showed a steady rise quarter by quarter through 1959 and 1960. The pattern of investment projected by these industries for 1961 reflects a varied combination of growth and cyclical behavior. Three main groups in which growth factors are most important and which account for the largest volume of investment—petroleum, chemicals, and food and beverages—have all projected increases.

Table 2.—Plant and Equipment Expenditures of the Petroleum Industry, by Function, 1960-61

	(Billions of dollars)		Percent change
	1960 actual	1961 anticipated	
Production.....	1.40	1.43	+3
Transportation.....	.14	.14	0
Refining and petrochemicals.....	.50	.70	40
Marketing.....	.42	.47	12
Other.....	.08	.09	13
Total.....	2.54	2.83	7

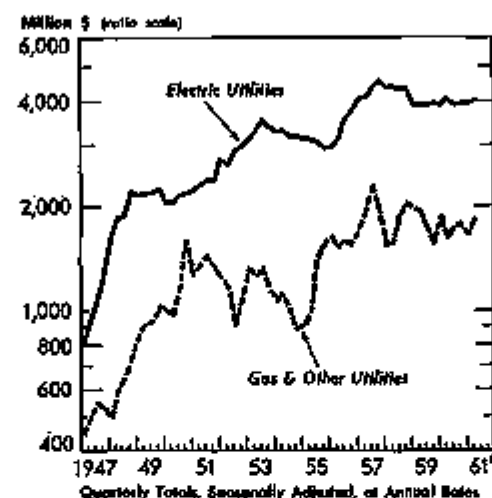
Sources: U.S. Department of Commerce, Office of Business Economics and Securities and Exchange Commission.

These more than offset the cutbacks that have been planned by textile and paper firms, whose outlays have been affected by the recession. Spending by rubber companies is about unchanged from 1960.

Table 2 presents a functional breakdown of petroleum company expenditures, based on reports supplied by firms accounting for 80 percent of the in-

PUBLIC UTILITIES

Plant and Equipment Outlays



* Anticipated
Data: SED & OBE
U. S. Department of Commerce, Office of Business Economics 61-5-B

dustry's 1960 investment. The largest category—production, which is essentially the well-drilling activity—shows a small decrease in 1961. Marketing expenditures are scheduled to rise but the main increase is expected to occur in the refinery category, which also includes investment in the expanding petrochemicals industry.

The \$1½ billion projected by the chemicals industry would bring outlays in this industry back to the high point achieved in 1957. A few very large projects are important in this increase. Projected outlays by food and beverage firms, which were little affected by the recession and which enjoyed rising prices in 1960, are at the highest point in several years, with spending by the very largest companies up quite sharply.

Plant versus equipment

On an overall basis the relative changes from 1960 to 1961 in plant as compared with equipment are about the same. In durable goods, however,

plant outlays are expected to fall almost one-fifth, while equipment outlays are off very slightly. This differs from the pattern in nondurable goods, where a rise in plant outlays is accompanied by a small decrease in equipment expenditures.

A breakdown of planned capital expenditures by size of firm in manufacturing indicates that as a group the largest firms (assets over \$50 million) are planning a small rise, which is more than offset by the decrease scheduled by the smaller companies. Last year companies of all sizes increased investment. The increase was relatively greater for the largest firms although they failed to meet their programs.

Nonmanufacturing Investment

This year electric utility companies have scheduled an 8 percent rise in their capital outlays; if realized this would bring investment by this industry about back to the previous high reached in 1958. The increase is concentrated in the second half of the year. Since reporting in this survey is on a company basis, it should be noted that these figures include some expenditures for gas, which this year have the effect of raising the overall increase in expenditures somewhat over those based solely on electric plant expansion.

According to trade data all of the increase in outlays scheduled for 1961 will be for transmission and distribution facilities. (See table 3.) Generating expenditures are expected to be little changed from last year and are down substantially from the 1958 figure. Since the industry's margin of capacity over peak loads has been rising in the past several years, as capacity additions

Table 3.—Plant and Equipment Expenditures by Electric Utilities, by Function, 1958-61

Year	(Millions of dollars)			
	Generation	Transmission	Distribution	Other
1958.....	1,879	608	1,125	143
1959.....	1,519	564	1,103	147
1960.....	1,342	537	1,300	142
1961 (anticipated).....	1,328	688	1,337	170

Notes.—Data refer to investor-owned private utilities.
Source: Edison Electric Institute, based on *Electrical World* survey.

have outstripped the increase in demand, the pressure for new generating facilities has been dampened.

The gas utilities have scheduled a rise of about 12 percent over 1960, which if realized would be as high as the 1957 outlays and would reverse a 3-year decline. The rise would be greater if the gas outlays made by electric firms were included. As with electric investment programs, a greater share has been scheduled for the second half of this year.

Transportation programs reduced

The planned expenditures of the railroads are down sharply to the lowest level in about 15 years; this reflects a small reduction in expected road outlays and a considerable reduction in

outlays for equipment. Trucking companies reacted in a similar fashion to the 1960 downturn in industrial production, making very severe cuts in their truck purchases after mid-1960. This decline is extending into the first quarter of the year. Although a small pickup is scheduled thereafter, investment for the year as a whole is expected to be down substantially from 1960.

Offsetting in part this planned reduction in the trucking sector of the nonrail transportation group are anticipated increases in expenditures by the airlines and petroleum pipelines. The 1961 programs of the airlines reflect primarily a catching up on expenditures initially scheduled for 1960 but delayed because of financing and production problems. A sharp fall in outlays in the second half is scheduled.

Commercial and communications investment

Communications firms are expecting to hold 1961 expenditures quite close to 1960's record total; outlays are expected to dip somewhat in the first half but pick up again after midyear. The reduction in spending by commercial companies reflects mainly a cut by retail firms. The 1961 programs of the largest chains are scheduled to exceed those of 1960 but the other firms are thinking of a decline in expenditures following the first quarter. This may be attributable to the uncertainty caused by the somewhat poor showing in retail sales in the early part of this year. Investment by construction firms and financial organizations is expected at this time to approximate last year's total.

Table 4.—Expenditures on New Plant and Equipment by U.S. Business, 1959-61

(Billions of dollars)

	Annual			Unadjusted												Seasonally adjusted at annual rates											
	1959	1960	1961 ¹	1959				1960				1961				1959				1960				1961			
				Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.
Manufacturing.....	12.87	14.48	14.11	2.48	3.02	3.02	3.57	3.09	3.76	3.83	4.01	3.01	3.50	11.29	11.84	12.25	12.88	14.19	14.70	14.68	14.49	13.8	13.8	13.8	13.8	13.8	
Durable goods industries.....	8.77	7.38	5.87	1.14	1.48	1.44	1.74	1.65	1.88	1.89	1.95	1.48	1.85	5.25	5.75	6.35	6.15	7.15	7.40	7.35	6.85	6.5	6.5	6.5	6.5	6.5	
Primary iron and steel.....	1.04	1.00	1.22	.21	.27	.22	.34	.33	.42	.42	.43	.28	.35	1.00	1.06	.90	1.15	1.60	1.00	1.75	1.45	1.4	1.3	1.3	1.3	1.3	
Primary nonferrous metals.....	.31	.31	.31	.07	.09	.07	.09	.07	.08	.07	.09	.09	.07	.30	.36	.30	.30	.30	.30	.30	.30	.30	.30	.30	.30	.30	
Electrical machinery and equipment.....	.02	.08	.71	.00	.12	.13	.17	.12	.16	.17	.23	.13	.15	.65	.60	.55	.66	.60	.65	.70	.75	.7	.6	.6	.6	.6	
Machinery, except electrical.....	.01	1.10	1.15	.18	.22	.23	.28	.25	.28	.28	.30	.23	.28	.80	.80	.85	.98	1.15	1.15	1.05	1.05	1.0	1.0	1.0	1.0	1.0	
Motor vehicles and equipment.....	.04	.89	1.03	.12	.15	.15	.18	.17	.23	.23	.23	.17	.25	.55	.80	.79	.75	.88	.90	.95	.99	.8	1.0	1.0	1.0	1.0	
Transportation equipment, excluding motor vehicles.....	.29	.42	.42	.06	.19	.10	.11	.10	.10	.10	.11	.08	.10	.40	.40	.40	.40	.40	.40	.40	.40	.4	.4	.4	.4	.4	
Stone, clay, and glass products.....	.03	.02	.04	.11	.14	.12	.15	.14	.17	.15	.16	.13	.14	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	
Other durable goods.....	1.44	1.40	1.34	.28	.35	.37	.43	.39	.43	.47	.40	.30	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	
Non-durable goods industries.....	6.29	7.38	7.43	1.31	1.57	1.58	1.83	1.54	1.88	1.81	2.06	1.60	1.94	5.95	6.08	6.40	6.70	5.85	7.30	7.38	7.55	7.3	7.3	7.3	7.3	7.3	
Food and beverages.....	.83	.82	.86	.18	.22	.20	.22	.21	.25	.23	.23	.25	.26	.75	.85	.85	.88	.80	.90	.95	.99	1.0	1.0	1.0	1.0	1.0	
Textile-mill products.....	.41	.32	.43	.08	.10	.10	.13	.13	.13	.14	.14	.13	.13	.80	.85	.85	.88	.80	.90	.95	.99	.8	.8	.8	.8	.8	
Paper and allied products.....	.63	.75	.89	.12	.15	.17	.20	.16	.18	.20	.21	.18	.18	.65	.60	.65	.70	.70	.75	.80	.75	.8	.8	.8	.8	.8	
Chemicals and allied products.....	1.29	1.00	1.73	.20	.30	.31	.38	.33	.48	.40	.40	.33	.40	1.10	1.10	1.30	1.30	1.45	1.00	1.65	1.05	1.5	1.5	1.5	1.5	1.5	
Petroleum and coal products.....	2.48	2.04	2.59	.32	.62	.63	.73	.63	.88	.63	.78	.62	.65	2.63	2.40	2.45	2.58	2.65	2.70	2.60	2.80	2.5	2.5	2.5	2.5	2.5	
Rubber products.....	.19	.21	.21	.04	.05	.05	.06	.05	.06	.06	.06	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	
Other non-durable goods.....	.51	.54	.52	.11	.13	.13	.15	.15	.17	.16	.18	.15	.14	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	.34	
Mining.....	.06	.06	.06	.21	.24	.25	.27	.22	.27	.25	.24	.21	.25	.35	.35	.35	1.00	1.05	1.00	1.45	1.00	.90	1.8	1.8	1.8	1.8	
Railroads.....	.02	1.03	.60	.16	.20	.28	.23	.25	.23	.24	.25	.18	.16	.60	1.00	1.30	.65	1.00	1.30	1.00	1.00	.7	.8	.8	.8	.8	
Transportation, other than rail.....	1.02	1.04	1.85	.41	.53	.64	.58	.47	.55	.47	.46	.44	.46	1.70	2.10	2.15	2.15	2.00	2.35	1.90	1.80	1.9	2.1	2.1	2.1	2.1	
Public utilities.....	5.47	5.68	5.22	1.50	1.47	1.40	1.51	1.10	1.42	1.50	1.60	1.15	1.48	5.30	5.60	5.60	5.50	5.75	5.70	5.60	5.70	5.6	5.9	5.9	5.9	5.9	
Communications.....	2.47	3.13	10.61	.89	.87	.06	.75	.71	.80	.77	.85	2.72	2.74	16.35	16.85	11.05	11.30	11.35	11.60	11.75	11.65	11.5	10.6	10.6	10.6	10.6	
Commercial and other.....	5.21	8.44		1.88	2.12	2.08	2.12	1.98	2.19	2.13	2.14																
Total.....	32.54	25.68	34.57	5.91	8.33	8.32	8.99	7.80	9.28	8.95	9.83	7.70	8.85	30.60	32.54	33.95	33.40	35.15	35.30	35.30	35.50	34.4	33.8	33.8	33.8	33.8	

1. Data exclude expenditures of agricultural business and outlays charged to current account.
2. Estimates are based on anticipated capital expenditures reported by business in late January and February 1961. The estimates for the first and second quarters of 1961 have been adjusted when necessary for systematic tendencies in anticipatory data.

3. Includes fabricated metal products, lumber products, furniture and fixtures, instruments, ordnance, and miscellaneous manufactures.

4. Includes apparel and related products, tobacco, leather and leather products, and printing and publishing.

5. Includes trade, service, finance, and construction. Figures for 1961 and seasonally adjusted data also include communications.

NOTE: Details may not add to totals due to rounding. Data for earlier years were published in the June 1956, March 1958, and March 1960 SURVEY OF CURRENT BUSINESS.

Sources: U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

Realization of 1960 Programs

Last year's expenditure of \$35½ billion represented an increase of about 10 percent over 1959, as compared with an anticipated increase of about 14 percent reported a year ago. In relative terms the difference of almost 4 percent was a little greater than average, gauged by the median experience with the 11 postwar annual surveys, and amounted to \$1½ billion.

Expenditures of mining companies, railroads, and commercial firms came within about 1 percent of their anticipated outlays. The largest relative deviation, -10 percent, was in the nonrail transportation group, where the shortfall was primarily attributable to the postponement of delivery of some commercial jets from 1960 to this year. Public utilities spent about 6 percent (or \$0.4 billion) less than projected, the electric utilities falling about 5 percent

and the gas companies about 8 percent below planned outlays. Manufacturers spent 4 percent (or \$0.6 billion) less than expected, with durable goods firms accounting for the greater part of the difference.

As pointed out earlier, most of last year's shortfall came in the second half of the year; the aggregate for the first half of 1960 was only 1 percent or \$0.4 billion at an annual rate below the amounts projected in the survey reported last March. Spending in the second half was much less—\$2.2 billion at an annual rate—than implied in the initial survey. In durable goods, where the downturn had its main effect, spending was about \$1.2 billion below expectations. There was also a large negative deviation in electric utilities (\$0.5 billion) and smaller downward revisions in nonrail transportation, nondurable manufacturing, mining, and gas utilities.

Sales Anticipations

BUSINESSMEN in almost all industries are expecting an improvement in sales in 1961 over 1960, as may be seen in table 5. The increases appear rather small and stand in marked contrast to the large increases which were projected for 1960 just a year ago but which fell considerably short of realization, as indicated below. The 3-percent rise projected by manufacturers for 1961 may be compared with an anticipated rise of 8 percent for 1960; the trade and utility increases of 4 and 7 percent contrast with projected increases for 1960 of 5 and 9 percent, respectively.

It is instructive to see what kind of sales changes from the current period are implied in the 1961 sales projections. It is clear from table 5 that a considerable improvement in sales is suggested from current rates. For manufacturing as a whole sales must increase to an average monthly rate that would be 10 percent above January, seasonally adjusted; the required

increase in durables is relatively larger since durable sales in January were more depressed compared to 1960 than was true of nondurables. These changes, of course, are averages, which probably imply still higher figures for the latter part of 1961. In the case of retail trade the implied increase from January would be about 6 percent. The extent to which businessmen take into account the seasonally adjusted rate of sales prevailing at the time the sales forecast is made is not generally known.

Last year's sales projections by broad industry groups proved to be uniformly too high; the 8 percent expected sales increase from 1959 to 1960 for manufacturing compares with an actual rise of 2 percent. In nondurables the anticipated gain of 6 percent may be compared with a realized increase of 3 percent, but in durable goods the 10 percent projected increase turned out to be a rise of only 1 percent; every major industry showed a lower figure than expected.

The high sales projections that were submitted a year ago may have been influenced by the fact that sales around the end of 1959, especially in durable goods, were showing very sizable gains over year-ago figures, in large part because of the inventory rebuilding that was taking place following the end

Table 5.—Manufacturers' Sales Changes, 1959-60 and 1960-61, and Implied Change from January 1961 Rate

	Percent change		
	1959-60	1960-anticipated 1961	Implied, January 1961 to anticipated 1961 monthly average
Total.....	3	3	10
Durable goods industries ¹	1	2	13
Primary iron and steel.....	-4	-2	25
Primary nonferrous metals.....	1	2	10
Electrical machinery and equipment.....	6	6	6
Machinery, except electrical.....	4	3	6
Stone, clay, and glass products.....	1	4	8
Nondurable goods industries ¹	3	4	7
Food and beverages.....	3	3	3
Textile-mill products.....	-1	3	12
Paper and allied products.....	4	6	4
Chemicals and allied products.....	5	6	9
Petroleum (and coal) products.....	3	5	4

1. Seasonally adjusted.

2. Includes industries not shown separately.

Sources: U.S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

of the steel strike. The abnormal market conditions that prevailed at this time may have made a balanced appraisal of 1960 markets especially difficult. In this respect it is interesting that steel companies projected a rise in sales over 1959 of about one-fourth and actually experienced a drop of about 4 percent in dollar shipments.

Last year lower-than-expected sales were associated with reductions from planned investment in the case of steel, nonferrous metals, electrical and non-electrical machinery, transportation equipment and stone in the durable goods industries, and in petroleum and chemicals in the nondurables. Exceptions to this association, which has worked out fairly well in past years, even on a 2-digit industry basis, were textiles, food, and paper.